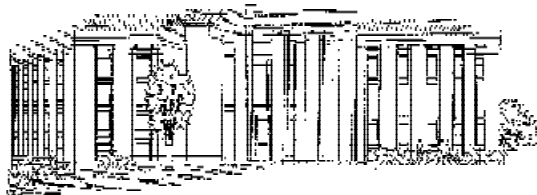


KTRS NEWSLETTER

TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF KENTUCKY

ACTIVE & RETIRED MEMBER SPECIAL EDITION

November 2004



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Retirees Receive Retroactive Ad Hoc Cola

As a result of the 2004 Extraordinary Session, the General Assembly approved funding for the 2004-2005 0.8% ad hoc COLA. Annuity payments for October included the 0.8% adjustment. The 0.8% ad hoc COLA was retroactive to July 2004. A separate payment has been disbursed to reflect compensation for these three months. Retirees received a stub to reflect this separate payment. Retirees are receiving a total 2.3% COLA for fiscal year 2004-2005 (standard 1.5% and the 0.8% ad hoc). Effective July 2005, retirees will receive a total 2.2% COLA for fiscal year 2005-2006 (standard 1.5% and the 0.7% ad hoc approved by the General Assembly).

Resignation of Lay Trustee Julian M. Carroll

KTRS Board of Trustees lay member, former Governor Julian M. Carroll, was elected to the office of State Senator, representing the 7th Senatorial District, in the November 2 general election. Per the requirements of KRS 6.764, Governor Carroll will resign from the Board of Trustees,

effective December 31, 2004. Governor Carroll, whose term is scheduled to end in 2007, was elected to the Board in 2003; he currently chairs the Board's Legislative Committee.

Governor Carroll's long, distinguished career in both the private and public sectors includes his signing into law a bill that shored up funding for KTRS during his term as governor. The law, enacted in 1978 and made retroactive to 1976, contained a provision that added 3.25% of an educator's pay to the funding of retirement benefits through a supplemental contribution from the state budget. This supplemental funding has been key to bringing the KTRS funded level from 22% funded to the current actuarially sound funded level of 83%. Further, these continuing contributions will allow the balance of unfunded benefits to be amortized in an actuarially sound fashion through annual allocations from the state budget.

Governor Carroll's service to KTRS, both before and during his tenure as a member of the Board of Trustees, has been exemplary. We wish him well as he undertakes this new challenge when the 2005 General Assembly convenes in January.

Board Structure & Solicitation of Nominees

The Teachers' Retirement System is governed by a nine-member Board of Trustees. Two members of the Board, the Chief School Officer and

the State Treasurer, are ex-officio members. The remaining seven trustees are elected by the combined retired and active membership. Two of the seven elected trustees are identified as "lay members," and are persons who are not KTRS members. One trustee is a retired teacher; the other four trustees are active members, one of which is customarily an administrator. The seat that Governor Carroll will vacate on December 31, 2004, is one of the two lay member positions. Governor Carroll's term is scheduled to expire in 2007. Pursuant to KRS 161.270, the Board will select an interim replacement.

Members who wish to submit the name of an individual for the Board's consideration to complete the remaining 2+ years of Governor Carroll's term should forward nominations to the address below. Experience in one or more of the following areas is desired: finance, fiduciary duties, investments and retirement plans.

**Chairman of the Nominating Committee
Kentucky Teachers' Retirement System
479 Versailles Road
Frankfort, Ky. 40601**

Suggested candidates for the interim appointment should be received at KTRS no later than November 22, 2004.

Medical Insurance 2005 Retirees Under Age 65 Open Enrollment

**Deadline
November 12, 2004**

Revised Open Enrollment materials (*Cover letter with rates, new Application, Supplement to the original booklet and return envelope*) were mailed to this group on Monday, October 25, 2004. Retirees in this group **MUST** complete the **revised** application in order to obtain coverage in 2005. The deadline for returning the revised KTRS application is November 12, 2004. All information can be accessed on KTRS web site: www.KTRS.ky.gov.

